

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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608941 NJ INC.,	:
	:
Plaintiff,	:
v.	:
	:
JEFFREY SIMPSON, JJ ARCH LLC, and	:
ARCH REAL ESTATE HOLDINGS LLC,	:
	:
Defendant.	:
-----X	

Case No.: 1:23-cv-08966 (ALC)

**DECLARATION OF JEFFREY SIMPSON**

JEFFREY SIMPSON, being duly sworn, deposes and says:

1. I am a defendant in this action and the sole owner and Managing Member of Defendant JJ Arch LLC (“JJ Arch”). JJ Arch is the majority owner and Managing Member of Defendant Arch Real Estate Holdings LLC (“AREH”). I submit this Declaration based on my personal knowledge and my review of relevant files in opposition to the motion of plaintiff 608941 NJ Inc. (“Plaintiff”) to remand and for a preliminary injunction in the above-captioned action.

2. By 2022, five years after I formed AREH with limited assets and resources, AREH and JJ Arch, with their subsidiaries and affiliates, owned and invested in over \$1 billion in assets. I continue to manage AREH and JJ Arch.

3. Plaintiff is a minority “Investor Member” in AREH, owning 20% of the company. JJ Arch is AREH’s majority owner, as the parties agreed in organizational documents.

4. AREH is a vertically integrated enterprise which operates through subsidiaries and affiliates to manage approximately twenty real properties, including management,

construction, and renovation of those properties. AREH has employees and creditors, and its subsidiaries have employees, creditors and service providers.

5. Each of the properties AREH manages has investors, creditors, service providers and other stakeholders including, on some occasions, construction and maintenance workers. The investors in the properties have more than \$150 million at stake which would be at risk if, despite capital calls, AREH is unable to raise the funds necessary to operate effectively. AREH, its subsidiaries and properties have approximately sixty employees.

6. Plaintiff has repeatedly and expressly refused to supply further funds to AREH as the AREH LLC Agreement requires. Plaintiff has also sought, contrary to the provisions of the LLC Agreement, to participate in AREH's management by purporting to install Jared Chassen as AREH's manager in August 2023 and participating in management controls themselves.

7. If AREH lacks sufficient funds, the many stakeholders in AREH's vertically integrated enterprise will likely be significantly impacted, because they will not be paid.

8. AREH's decision to file or not to file a bankruptcy petition would necessarily affect whether its employees and creditors are paid, whether employees and creditors of its subsidiaries and the properties it manages are paid, whether the properties it manages go into default, and whether Plaintiff or other investors will incur significant losses.

9. In addition, if AREH fails to file a bankruptcy when bankruptcy would be the best option for its stakeholders, the result could be devastating to the investors who have invested approximately \$150 million in the real estate properties that AREH manages, which could be subject to foreclosure.

10. If Plaintiff is granted a "blocking right" to veto any bankruptcy, AREH believes that Plaintiff could ignore the Bankruptcy Code's provisions for payment of stakeholders and favor

its own interests instead. Based on Plaintiff's past conduct, AREH believes that is exactly what Plaintiff is likely to do. Certainly, Plaintiffs' court papers in this matter have expressed no concern for the interests of other stakeholders.

In accord with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed: New York, New York  
October 20, 2023

/s/ Jeffrey Simpson  
JEFFREY SIMPSON